

Message Text

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ACTION TRSE-00

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E.O. 11652: N/A

TAGS: EFIN, UY

SUBJECT: BALANCE OF PAYMENTS AND DEBT PROSPECTS

REF: STATE 223505

THE FOLLOWING IS PROVIDED IN RESPONSE TO REFTEL (LETTERS IN PARENTHESIS ARE KEYED TO SOURCE, COMMENTARY NOTES AT THE END OF THE DATA):

BALANCE OF PAYMENTS
(US\$ MILLIONS)

1. CURRENT ACCOUNT	CY1974	1975	1976	1977
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MERCHANDISE EXPORTS

(FOB)	381.3	384.9	450	550
(C)	(C)	(B)	(D)	

MERCHANDISE IMPORTS (FOB)	436.9	496.0	450	500
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(A,C)	(A,C)	(B)	(D)
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SERVICES, NET (I)	-77.4	-91.1	-77	-70
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(C)	(C)	(B)	(D)
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NET PRIVATE TRANSFERS	- 0.7	- 0.8	- 0.8	- 0.8
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(A)	(A)	(B)	(D)
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EFFECT OF PETROLEUM PRICE RISE (8PERCENT, JAN. 1977)

URUGUAY HAS IMPROVING EXPORT PROSPECTS AND A RELATIVELY LOW ENERGY COMPONENT IN ITS LARGELY AGRICULTURAL ECONOMY. THE INCREASE WOULD CONSEQUENTLY BE DAMAGING BUT NOT A SERIOUS THREAT TO ECONOMIC PERFORMANCE.

EFFECT OF COMMODITY PRICE MOVEMENTS

MEAT, WOOL AND FOOD PRICES GENERALLY ARE PREDICTED TO RISE

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DURING 1977, MAKING EXPORT EARNINGS PROSPECTS HIGHLY FAVORABLE.

ANY REVERSAL OF THESE TRENDS WOULD MAKE THE DEBT SERVICE PROBLEM MORE DIFFICULT AND LESSEN THE POSSIBILITY OF A SURPLUS OR BALANCE IN EXTERNAL ACCOUNTS.

2. CAPITAL ACCOUNT

BALANCE	CY1974	1975	1976	1977
OFFICIAL LONG TERM				
OFFICIAL SHORT TERM				
COMBINTED LT/ST OFFICIAL				
CAP. (J)	109.1	79.6	#100	#30
	(C)	(C)	(B)	(D)
NET PRIVATE	-34.5	#50.6	#45.0	-30
	(C)	(C)	(B)	(D)
CHANGE IN NET INTERNAT.				
RESERVES	-58.2	-72.8	#70	#20
	(C)	(C)	(B,H)	(D)

3. EXTERNAL DEBT

	CY1974	1975	1976	1977
DISBURSED EXTERNAL DEBT	1,007	1,116	1,230	1,280
	(C)	(C)	(D,G)	(D)
UNDISBURSED EXTERNAL DEBT	37.6	45.6	124	124
	(E)	(E)	(E)	(D)
DEBT SERVICE	151.6	158	146	130
	(E)	(C)	(C)	(D)

GENERAL DEBT OUTLOOK

BOTH WORLD BANK AND IMF SEE URUGUAY IMPROVING ITS EXPORT PERFORMANCE OVER THE NEAT TERM AND THUS ITS CAPACITY TO MEET ITS PRESENT AND NEAR TERM DEBT SERVICE REQUIREMENTS. THE DEBT STRUCTURE HAS BEEN IMPROVED OVER THE LAST TWO YEARS. ACTUAL PERFORMANCE WILL HINGE ON CONTINUING DOMESTIC ECONOMIC/POLITICAL STABILITY, WORLD PRICES, AND CONTINUED ADHERENCE TO ECONOMIC REFORM PROGRAM. THIS COULD IN TURN BE STRONGLY AFFECTED BY A NEGATIVE U.S. VOTE UNDER THE HARKIN AMENDMENT.

4. SOURCES, COMMENTS ON DATA:

(A) IMF: INTERNAT. FIN. STATS; AUGUST 1976.

(B) INFORMAL PROJECTION: IMF SOURCE (GENERAL MAGNITUDE ONLY).

(C) IMF PUBLICATION URUGUAY: RECENT ECONOMIC DEVELOPMENTS, SM/76/113 (CORRECTED 7/14/76: CURRENT BEST AVAILABLE DATA).

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(D) EMBASSY BEST ESTIMATE, ROUGH FIGURES INDICATING GENERAL DIRECTION OF CHANGE.

(E) URUGUAY: SINTESIS ECONOMICA DE LOS PRIMEROS MESES DE 1976.

URUGUAYAN CENTRAL BANK, JUNE 1976. AS OF MARCH 31, 1976 ONLY.

(PRESUMED REPBABLE ON SPECIFIC DEBT STRUCTURE).

(F) REVIEW OF FINANCIAL ACCOUNTS, MINISTRY OF ECONOMY AND FINANCE.

(G) RELIABLE NEWSPAPER ANALYSIS (EL PAIS, AUG. 2, 1976).

(H) UNLESS CENTRAL BANK PAYS RECENT DOLLAR DENOMINATED TREASURY BONDS OFF, WHICH WOULD DROP FIGURE BY \$20 MILLION.

(I) AVAILABLE NATIONAL ACCOUNTS DO NOT PERMIT SEPARATING OUT EXPORT AND IMPORT FIGURES IN A MANNER CORRESPONDING TO THE IMF NET FIGURE GIVEN HERE.

(J) THE SEPARATION OF LONG AND SHORT TERM IS NOT PUBLISHED IN CENTRAL BANK ACCOUNT.

NOTE: # EQUALS PLUS SIGN.

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